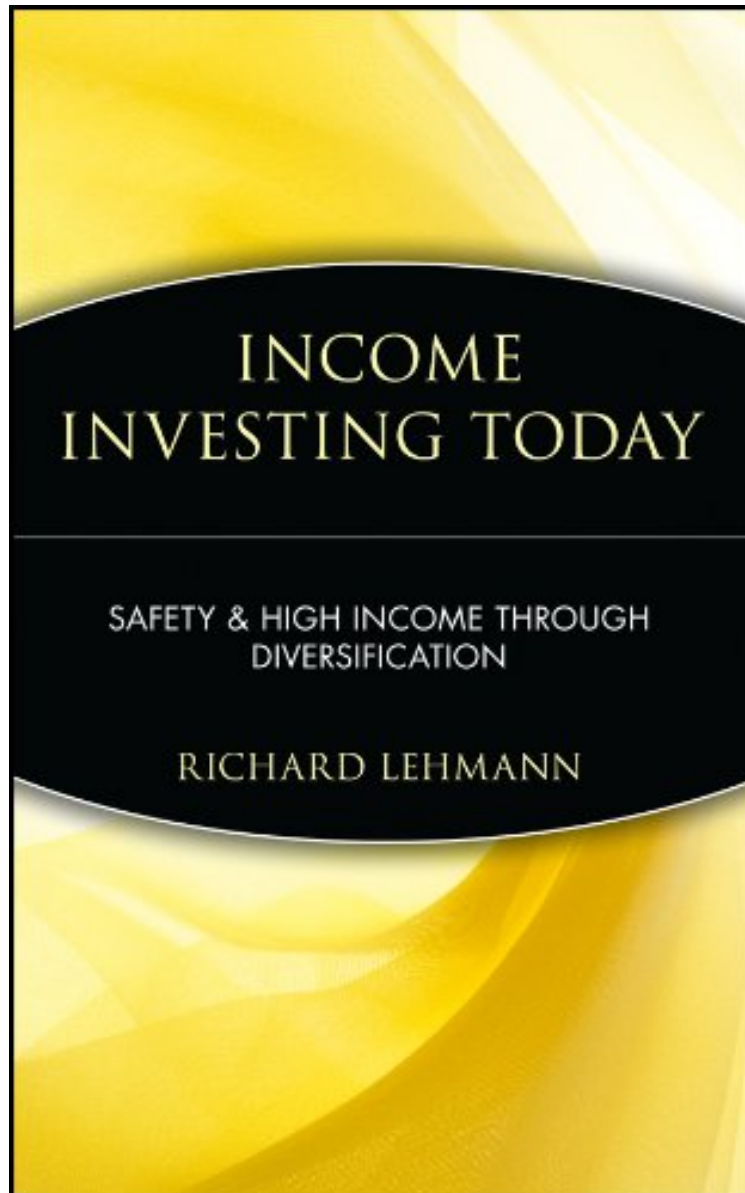


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Income Investing Today: Safety and High Income Through Diversification

Richard Lehmann

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Richard Lehmann : Income Investing Today: Safety and High Income Through Diversification before purchasing it in order to gauge whether or not it would be worth my time, and all praised Income Investing Today: Safety and High Income Through Diversification:

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CustomerThe reader will find author Richard Lehmann witty and thorough as he discusses the key to building a steady, growth-orientated income portfolio. He states that in investing, "very little is highly predictable and nothing is certain." In the investment process both fear and greed are facts of life and Richard explains that both must be kept in check. Whether you're a buy and hold investor, total return investor, a desperate investor or a scared investor Richard's book on Income Investing will enlighten you and provide tools for action.He states, "My basic premise is that the key to building a steady, growth-orientated income portfolio is to diversify over a variety of securities that depend on a different drivers (ie., portfolios that are not vulnerable to any once specific economic factor such as interest rates." The reader will learn of many new investment products in the income investment market with acronyms to catch the investor's attention. Mr. Lehmann suggests many that are interesting to use for income and others to avoid. Years of experience are at the reader's fingertips as Richard leads the reader through both the new and more conventional income products.Unexpected and welcome gifts are Richards insights and discussion associated with retirement investment, managing tax in the fixed income portfolio, buying and selling securities and what to ask your broker when buying an income security. His discussion about default and bankruptcy are most informative and provides the investor with background not often seen in investment books. What to pay for a security and when to sell are questions of high concern to investors and Richard provides some insight to this problem.This book provides an informative look at some of the actions of the Federal Reserve Bank and the various credit rating services. For the non-accountant Mr. Lehmann with his CPA hat on discusses key financial statements that you need to understand.Income investment includes certain income stocks and mutual funds such as bond, Exchange Traded Funds and closed end funds. Mr. Lehmann addresses these securities in some detail and offers up some very experienced arguments of how they can be used in building an income investment portfolio.Certificate of Deposits are considered very low risk products, Richard suggests that is you have saved enough to build a monthly payout ladder of CD's and live comfortably that God had surely blessed you and you no longer need to read his book. Of course that would be a big mistake just think of what you will be missing.The reader will find his book entertaining and informative. It provides income investment strategy, product description, portfolio make up, brokerage discussion, managing risk and uncertainty and a super Glossary.A worthy text on the desk....for even the equity investor.Herbert Ridderbusch- Investor30 of 32 people found the following review helpful. Stimulating but Unevenly Focused Guide for the Income InvestorBy dennis wentraubIn this low interest rate environment investors need to work harder to maintain a high level of income from their investments. Add to this that author Lehmann sees low interest rates for the "foreseeable future". This means that an income portfolio needs to diversify across an expanding variety of financial instruments, maturities, and even credit (risk) quality to achieve its goal. The key here is to recognize that some income investments respond to "drivers" (viz. circumstances) other than interest rate moves which in turn insulates them from this traditional risk.It follows that the diversified income investor will consider some non-traditional or out of favor (relatively cheap) assets such as REITS (driven by real estate cycles), Canadian Energy Income Trusts (the demand for energy), dividend paying common stocks (affected by broad economic cycles), near investment grade junk bonds (discounted by fear but subject to credit upgrades), and beleaguered automotive bonds. Closed end funds also get the nod because they generate high income and can often be bought at a discount to their underlying values. Given that the retail investor is the focus of this book and that new CEFs are rolling-out monthly, I would have liked more discussion of their trading strategies and risks.Among the investments to avoid are unit investment trusts, collateralized mortgage obligations (CMOs), packaged equity hedges marketed under cutesy acronyms as Sequins, Elks, etc. and hedge funds ("rarely has so much money been entrusted to so few people with such limited talent"). Lehmann is decidedly ambivalent about mutual funds due to their internal costs, tax inefficiencies, and focus on short term performance. No surprise his preference is for individual securities which are also less sensitive to interest rate changes as they move their principal to date certain maturities.The serious do-it-yourself income investor will find some good ideas in these pages, but I question Equipment Trust Certificates as a retail investment. Good luck if you need to sell them. A section on Direct Access Notes is in intriguing, but again, I wonder about their liquidity. Lehmann is a strong proponent of preferred and convertible stocks, but there is a confusing amount of information on their structures. A discussion of the bankruptcy process, advice on when to sell your positions, and useful information that can be gleaned from prospectuses and financial statements might have gone to an Appendix with more direct focus on securities in the main text.0 of 0 people found the following review helpful. Three StarsBy Lawrence D. Feldersomewhat out of date However, general principals still apply

Income Investing Today Income Investing Today details a safe alternative to the downside risks inherent in the stock market--income securities that can provide a 7% to 8% annual cash income. With this book, fixed income expert Richard Lehmann outlines income investing concepts you need to understand, various investment vehicles, and investment strategies that will help you build a safe, diversified portfolio of investments. The investment vehicles he explains range well beyond traditional fixed income securities or creditor instruments such as bonds, to include hybrids, REITs, mutual funds, and more. He shows that the key to building a steady, growth-oriented income portfolio is to diversify over a variety of securities that depend on different drivers--that is, portfolios that are not vulnerable to

any one specific economic factor such as interest rates. The ideal guide for individual investors saving for retirement and seeking more safety in their portfolios, *Income Investing Today* shows how a diversified collection of income securities can equal or exceed the returns from common stock with much lower risk.

From the Inside Flap It has been widely reported that the baby boom generation has not adequately saved for their rapidly approaching retirement years. Because of this, many boomers believe the only way to catch up is by investing in common stocks. But stocks are inherently risky, particularly for those close to, or in, retirement. *Income Investing Today* offers an alternative— income, through diversification over a variety of securities, that can provide a healthy annual cash income without the downside risks of the stock market. The virtue of income securities, says fixed income expert Richard Lehmann, is that once you understand them, the selection process is substantially easier and safer than for stocks, for a number of reasons. Credit ratings make risk evaluation highly reliable. You also aren't as vulnerable to price fluctuations due to quarterly earnings reports and missed forecasts since the companies' survival— not its prosperity— is your main exposure. And you won't often see a bond or preferred drop by 20% when a company misses its sales or earnings forecasts, but when this happens it probably represents a buying opportunity. Lehmann shows you exactly how to achieve a high level of income without inordinate amounts of risk and details the best way to diversify portfolios into nontraditional income securities across a range of sectors— so that interest rates alone won't overly affect a portfolio. The author clearly explains the basic investing concepts you need to understand and the various investment vehicles that are currently attractive. He describes the full spectrum of choices available to people interested in income investments, including bonds, Canadian energy trusts, convertibles, REITs, closed end funds, hybrids, and more. In addition, he suggests specific investment strategies and portfolio allocations that will help you build a safe, diversified portfolio of investments. In spite of all you may have heard about stocks versus income investing, it is not an either-or choice. Properly done, a portfolio with a diversification of income securities can, over time, equal or exceed the returns from common stock investing with much lower risk. It has worked for the author. In *Income Investing Today* he shows how it can work for you.

From the Back Cover *Income Investing Today* details a safe alternative to the downside risks inherent in the stock market— income securities that can provide a 7% to 8% annual cash income. With this book, fixed income expert Richard Lehmann outlines income investing concepts you need to understand, various investment vehicles, and investment strategies that will help you build a safe, diversified portfolio of investments. The investment vehicles he explains range well beyond traditional fixed income securities or creditor instruments such as bonds, to include hybrids, REITs, mutual funds, and more. He shows that the key to building a steady, growth-oriented income portfolio is to diversify over a variety of securities that depend on different drivers— that is, portfolios that are not vulnerable to any one specific economic factor such as interest rates. The ideal guide for individual investors saving for retirement and seeking more safety in their portfolios, *Income Investing Today* shows how a diversified collection of income securities can equal or exceed the returns from common stock with much lower risk.

About the Author Richard Lehmann is President of Income Securities Advisors, Inc. (ISA), and publishes the *Forbes/Lehmann Income Securities Investor* newsletter, as well as the *ETF Investor Newsletter* and *Distressed Debt Securities Newsletter*. He founded the Bond Investors Association (BIA) in 1983 as an information and advocacy organization for individual bondholders. ISA is the successor to BIA. Lehmann is also a columnist with *Forbes* magazine and has been actively involved in fixed income advising and bond defaults since 1976. He is also the portfolio manager of the Fallen Angels Income Fund (FAINX), a publicly traded no-load fund. Lehmann has taught finance and accounting in Miami and has spoken at numerous investment seminars. He holds an MBA from Columbia University, is a CPA, and an SEC-registered investment advisor. Visit www.incomesecurities.com for more information.